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(CX.8-4244)

25 Glen Davis,
Toronto 13.

November 22, 1963.

H. R. Hanson,
Ontario Committee on Taxation

Re: Leasing of Cars & Trucks

Dear Sir:

Leasing of vehicles has become one of the largest businesses in Canada and the largest write off monthly of any business. Millions of miles are being driven weekly and being tax deducted.

We have in our Metropolitan area thousands of leased cars and trucks taking 100% tax deduction monthly. However approximately 90% of these cars and trucks are being used for personal use. We as owner operators are allowed 30% tax deduction on new vehicles yearly. Quite a temptation. This condition is encouraged because of Companies moving to suburbs and in order to retain their personel without increasing wages, which would bring the employee into another tax bracket, companies are leasing a car or truck and writing off the cost monthly 100%. Therefore the Government loses the tax from the employee and the company, the tax payers carrying the load.

We understand that five service dealers in this area have over 5000 cars and trucks out on lease. The writer has spoken to several of these companies and their answer is always, "Write it off your income tax".

One business we know of has the following condition. One employee works as a salesman for a leading manufacture. He travels to and from home to office approximately 40 miles each way daily. The company writes off this as an expense. Multiply this 5000 times daily and it becomes a mighty big tax loss. While another party working for a transport company has to drive his own car to work about 40 miles per day and is permitted no allowance on his car expenses. We believe not more than 30% per year should be tax deducted the same as depreciation on a new car or truck.

The above leasing advantages also apply to truck leasing, which is playing havoc with the established truck operations. Being in the local trucking business ourselves, we are restricted to Metropolitan Toronto. However, should the occasion arise for us to move everything from Toronto to Hamilton or Montreal we would be able and legal to go to any of the truck leasing companies, rent a truck and go any place as there are no P. C. V. requirements on leased equipment. As the law stands now this is discrimination of one business against another, as both leased and private owner operators are carrying merchandise for pay.

We also have truck owners putting the registrations in companies for purpose of evading a P. C. V. and sales tax license which we in the trucking business consider unfair to private owners. A correction would be for any and all vehicles using the highway withor without a P. C. V. to be required to pay an equal tax and all necessary insurance cargo, public liability etc. This would stop the abuse of people putting trucks in companies names to avoid tax, etc.

Also all details of leasing agreements should be disclosed to the lessor so he would understand his actual cost. As most leasing companies pay for the use of a franchise which in turn teaches them how to pass to the lessor all hidden cost and to avoid various taxes. It is not hard to see how a leasing company is able to reduce their tax by paying a larger fee to the parent company, which is mainly in other countries.

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Another point is that we have car and truck manufacturers selling wholesale to dealers, the dealer in return leases (not sells) to the operator, therefore avoiding paying sales tax, where we as an individual buy a truck or car and pay full extent of all taxes.

I would say this is fast becoming a monopolistic business, whereas in a few years the car manufacturers will control all car and truck operations and kill the initiative of all small and big individual business pertaining to transportation.

I understand this problem is now being given a full investigation in England and believe it is about time our politicians stopped playing politics and put the good of their country and people first.

Sincerely yours,

R. H. LeLoup.